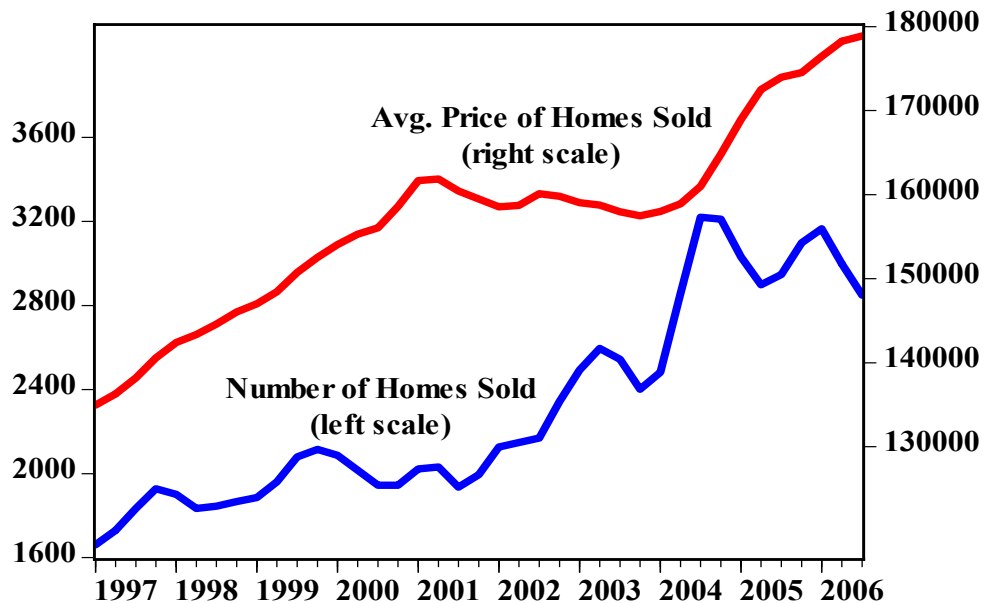


# The Triad Housing Report, 2006.4

## Current Outlook

The number of existing, single-family homes sold in the Triad totaled 2,768 in the 4th quarter of 2006, after adjustment for seasonal variation.<sup>1</sup> The number sold was down -3.5 percent compared to the level of sales recorded in the 3rd quarter, and it was -10.3 percent below the number sold during the 4th quarter one year ago. Nationally, the pace of existing home sales has fallen -10.7 percent over the past 12 months.<sup>2</sup>

**Number and Prices of Existing Homes Sold, 1997.1 – 2006.4**  
(seasonally adjusted)



At the end of the 4th quarter of 2006, the inventory of homes on the market was 7,279, or 3.0 times the number of homes sold in the 4th quarter. At the current sales pace, it will take 9.0 months to exhaust the existing inventory. The number of existing homes offered for sale was down -10.9 percent from what it was at the end of the 3rd quarter, and it was -25.7 percent lower than at the end of the 4th quarter one year ago.

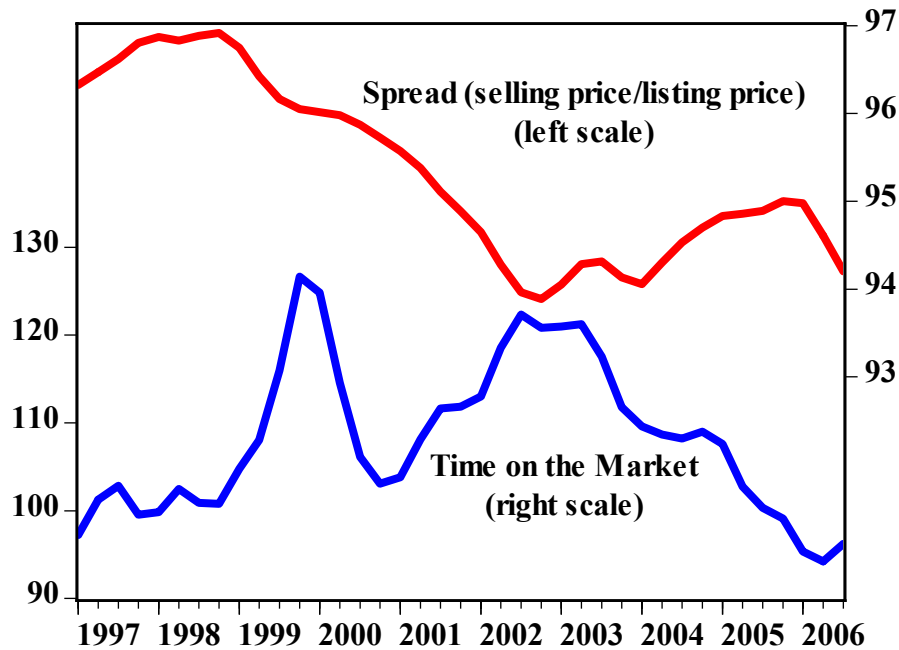
The price of the average home sold in the 4th quarter was up 1.6 percent from the previous quarter. The average quality-adjusted price of an existing home in the Triad was \$182,550. The average this quarter was up 4.5 percent from the average recorded in the 4th quarter of last year. Over the past year, consumer prices nationally have risen 1.8 percent, indicating that real home prices in the Triad have increased.

Among other indicators of housing activity, the average time on the market for existing homes sold was 99.2 days, up 2.7 percent from the average in the 3rd quarter. The sale-list price spread, which shows the ratio of selling to listing price, was slightly lower at 93.8 percent, indicating a modest increase in the level of discounting in the market. Over the past year, time on the market has risen, and the spread has declined slightly, indicating that the average home seller needs more time to sell a home and is accepting slightly larger discounts from the initial listing price.

<sup>1</sup> The Triad is defined as an eight-county area that is composed of Alamance, Davie, Forsyth, Guilford, Randolph, Rockingham, Stokes, and Yadkin. The Triad is located in the north central area of North Carolina.

<sup>2</sup> This percentage change is calculated from Nov. 2005 to Nov. 2006.

**Existing Homes, 1997.1 – 2006.4**  
(seasonally adjusted)



Housing affordability has been an important factor influencing housing demand over the past year. The affordability index, which tracks the income-payment ratio, rose 1.4 percent this quarter. Since the 4th quarter of last year, the affordability index has declined -3.0 percent.

**Existing Home Sales Data, 2006.4 – 2005.4**

	2006.4	2006.3	2005.4	% Chg Last Qtr.	% Chg Last Yr.
<i>Seasonally Adjusted</i>					
Adj. Ave. Home Price	\$182,550	\$179,717	\$174,704	1.6%	4.5%
No. of Homes Sold	2,768	2,868	3,086	-3.5%	-10.3%
Time on Market (days)	99.2	96.6	98.9	2.7%	0.3%
Spread: (sale price/list price)	93.8	94.2	95.0	-0.5%	-1.3%
Consumer Price Index	201.5	203.4	197.9	-1.0%	1.8%
<i>Unadjusted</i>					
Ave. Home Price	\$177,320	\$179,716	\$168,370	-1.3%	5.3%
No. of Homes Sold	2,463	3,114	2,794	-20.9%	-11.8%
< \$150K	1,310	1,572	1,628	-16.7%	-19.5%
\$150K - \$349K	927	1,226	963	-24.4%	-3.7%
\$350K & Over	226	316	203	-28.5%	11.3%
Inventory, end of qtr.	7,279	8,168	9,796	-10.9%	-25.7%
Inventory/Sales	3.0	2.6	3.5	12.7%	-15.7%
Affordability Index	113.0	111.4	116.5	1.4%	-3.0%

## The County Distribution of Existing Home Sales

During the 4th quarter, the largest number of sales of existing homes occurred in Guilford County, which recorded a total of 1,116 sales. It was followed by Forsyth County with 787 sales. Davie County recorded the highest average price for homes sold at \$271,286. The highest inventory-to-sales ratio was recorded in Alamance county with a ratio of 5.1. At the current sales pace, it will take 15.3 months to exhaust the current inventory of existing homes in Alamance.

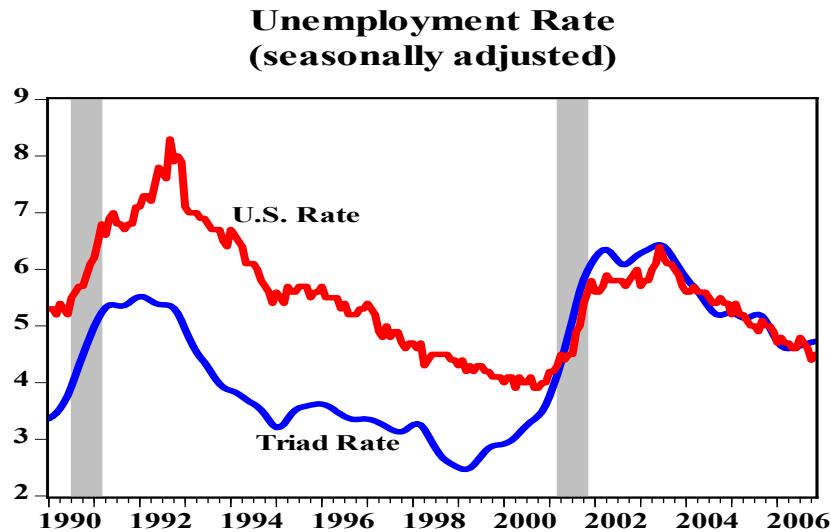
### County Distribution of Existing Home Sales, 2006.4

County	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
Alamance	< \$150K	29	\$104,290	90.8	106.2	115	4.0
Alamance	\$150K - \$349K	23	\$236,043	97.6	130.7	120	5.2
Alamance	\$350K & Over	2	\$410,000	86.9	181.0	40	20.0
Alamance	Total	54	\$171,730	93.6	119.4	275	5.1
Davidson	< \$150K	136	\$93,483	91.7	135.8	349	2.6
Davidson	\$150K - \$349K	62	\$208,923	94.1	135.6	395	6.4
Davidson	\$350K & Over	9	\$542,143	99.8	166.5	110	12.2
Davidson	Total	207	\$147,566	92.8	137.1	854	4.1
Davie	< \$150K	33	\$102,179	91.3	135.9	74	2.2
Davie	\$150K - \$349K	26	\$230,008	94.8	124.4	165	6.3
Davie	\$350K & Over	21	\$588,133	93.9	176.9	78	3.7
Davie	Total	80	\$271,286	93.1	142.9	317	4.0
Forsyth	< \$150K	433	\$100,252	90.8	113.7	979	2.3
Forsyth	\$150K - \$349K	296	\$214,662	95.4	137.7	1042	3.5
Forsyth	\$350K & Over	58	\$543,729	94.4	158.3	335	5.8
Forsyth	Total	787	\$175,966	92.8	126.0	2,356	3.0
Guilford	< \$150K	524	\$98,859	91.1	105.5	1184	2.3
Guilford	\$150K - \$349K	460	\$225,647	96.2	104.4	1120	2.4
Guilford	\$350K & Over	132	\$485,787	95.6	138.0	557	4.2
Guilford	Total	1,116	\$196,885	93.7	108.9	2,861	2.6
Randolph	< \$150K	82	\$100,961	91.4	108.1	216	2.6
Randolph	\$150K - \$349K	33	\$209,130	95.8	129.4	205	6.2
Randolph	\$350K & Over	2	\$404,000	95.7	130.3	44	22.0
Randolph	Total	117	\$136,650	92.7	114.5	465	4.0
Stokes	< \$150K	58	\$93,861	92.6	128.3	88	1.5
Stokes	\$150K - \$349K	18	\$234,933	92.8	149.9	61	3.4
Stokes	\$350K & Over	2	\$466,250	69.3	314.4	23	11.5
Stokes	Total	78	\$124,009	90.2	130.0	172	2.2
Yadkin	< \$150K	15	\$93,107	86.8	132.2	43	2.9
Yadkin	\$150K - \$349K	9	\$209,289	94.1	99.7	25	2.8
Yadkin	\$350K & Over	0	n.a.	n.a.	n.a.	n.a.	n.a.
Yadkin	Total	24	\$136,675	89.5	120.0	68	2.8

Note: Data are not seasonally adjusted.

## Economic Trends in the Piedmont Triad

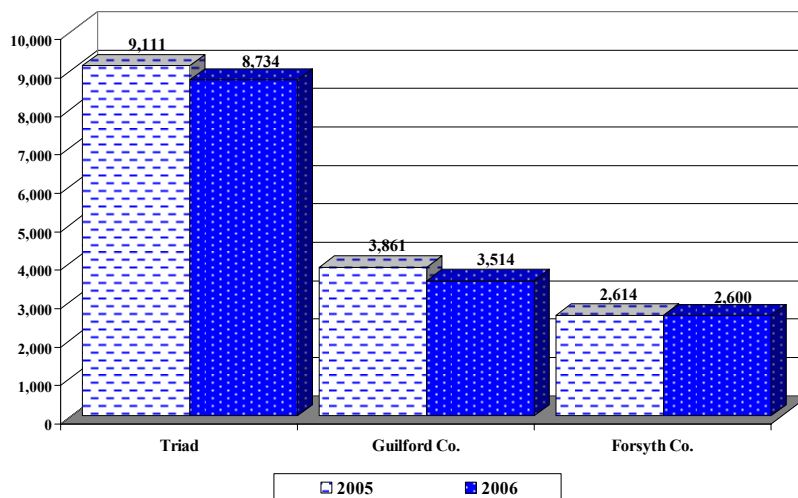
Economic conditions in the eight-county Piedmont Triad region improved modestly during the 4th quarter.<sup>3</sup> The seasonally adjusted rate of unemployment in the Triad was 4.7 percent in November, unchanged from the revised figure for October. The national unemployment rate was 4.5 percent, up 0.1 percentage points from last month.



Total nonagricultural wage and salary employment (employer survey) in the Piedmont Triad was up 0.1 percent in November. Over the past 12 months, employment has gained 0.7 percent. For the nation as a whole, employment was up 0.1 percent in November. Over the past 12 months, national employment has risen 1.3 percent.

Planned single-family residential construction declined during the 4th quarter. Residential building permits (which reflect plans for future construction) were off -4.1 percent in the Triad as a whole during the first 11 months of 2006 compared to the same period in 2005. Permits declined -9.0 percent in Guilford County and -0.5 percent in Forsyth County.

### Building Permits, 2005-2006<sup>4</sup>



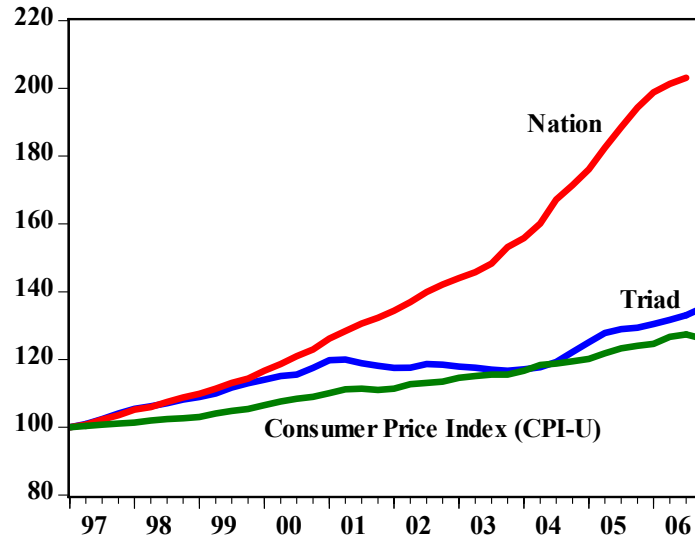
<sup>3</sup> The Triad is defined as the eight-county area that is composed of the Burlington MSA, the Greensboro/High Point MSA, and the Winston-Salem MSA.

<sup>4</sup> Figures reflect year-to-date totals through November.

## Longer-Term Trends

Since the 1st quarter of 1997, existing home prices in the Triad have risen at an average annual rate of 3.1 percent, outpacing the consumer price index (CPI) which has increased an average of 2.4 percent annually. The appreciation of housing prices in the Triad has lagged substantially the rise in housing prices nationally. For the nation as a whole, existing home prices have risen at a 7.5 percent annual rate from 1997.1 through the 3rd quarter of 2006, according to the Office of Federal Housing Enterprise Oversight (OFHEO).

**Existing Housing Prices in the Triad and the Nation  
(quality-adjusted, index scale)**



In 2006, the average existing home that was sold in the Triad had 1,947 square feet of floor space. It was 1.4 stories high, had 2.2 bathrooms, 1.3 garage parking spaces, and 0.9 fireplaces. The average age of existing homes sold was 25 years. Guilford County accounted for 44.4 percent of recorded home sales, followed by Forsyth County with 32.9 percent of sales. A total of 11,782 homes were sold in the Triad in 2006.

## Characteristics of Existing Homes Sold, 2006

Square Footage	1,947
Floors	1.4
Baths	2.2
Garage Spaces	1.3
Fireplaces	0.9
Age	25
Alamance	2.2%
Davidson	9.1%
Davie	3.4%
Forsyth	32.9%
Guilford	44.4%
Randolph	4.9%
Stokes	2.4%
Yadkin	0.7%
Number of Homes Sold	11,782

## Methodology

The *Triad Housing Report* uses data from the Triad MLS to track the pace of housing activity in the Triad (the Greensboro/High Point/Winston-Salem, MSA). Average home price numbers reflect quality-adjusted averages. These averages are constructed using the multiple regression approach. Among the independent variables in the analysis are: neighborhood housing prices, square footage, number of baths, age, and other amenities of the structure. This approach to calculating quality-adjusted prices is discussed in: G. D. Jud & T. G. Seaks, "Sample Selection Bias in Estimating Housing Sales Prices," *Journal of Real Estate Research*, Vol. 9, No. 3, (1994), pp. 289-298.

The affordability index measures changes in the income-payment ratio. The loan payment is calculated as the monthly payment necessary to finance a 90 percent, 30-year loan on the average house price at prevailing interest rates. The income measure is average household income, as reported by the U.S. Department of Commerce, Bureau of Economic Analysis. The sales-list price spread is the ratio of selling price to listing price.

**The *Triad Housing Report* is compiled for the Triad MLS by Dr. G. Donald Jud, *Jud & Associates*, 722 Rollingwood Drive, Greensboro, NC 27410 - 6165. Phone: 336-294-3655; Email: [GDonaldJud@JudAssociates.com](mailto:GDonaldJud@JudAssociates.com).**